

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. TF-03-473 (INU-03-2)
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ORDER REJECTING COMPLIANCE TARIFF

(Issued January 7, 2004)

On August 1, 2003, the Utilities Board (Board) issued an order in Docket No. INU-03-2 that concluded an investigation into the practices and procedures of natural gas utilities that leave gas service turned on at a premise where there is no customer responsible for payment. In the order, the Board directed the natural gas utilities to file proposed tariffs within 60 days that included provisions informing customers of the procedures followed and that described any back billing procedures for gas consumption during these periods.

On October 1, 2003, the Board granted Interstate Power and Light Company (IPL) an extension of time to file the proposed tariffs. On October 14, 2003, IPL filed proposed tariffs to comply with the Board's August 1, 2003, order. On October 30, 2003, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed an answer and objection to the proposed tariffs. On December 3, 2003, IPL filed a response to the objection. On December 4, 2003, Consumer Advocate filed a reply.

The proposed tariff filed by IPL provides that when a customer requests discontinuation of gas service at a premise and there is not another customer responsible for service, IPL may allow the service to remain physically turned on after the date of discontinuation. This practice IPL refers to as "soft close." The proposed tariff states that IPL will consider safety factors when deciding whether to allow the soft close practice at a premise. The proposed tariff provides that a customer requesting service discontinuation will be informed, when possible, that the soft close practice will be followed at the premise.

The proposed tariff states that IPL will attempt to identify a party responsible for any gas used during the soft close period and the service will be physically disconnected after 45 days if no customer becomes responsible for the service. The proposed tariff provides that any gas consumption after the soft close practice is begun will be billed to the subsequent customer when the service start date is on or before the first normal meter reading date following the date the previous customer discontinued service. IPL indicated in its response that residential meters are read on a cycle of approximately 30 days and where a regular meter reading is obtained on a soft close premise prior to the subsequent customer beginning service, the new customer would not be charged for service during the soft close period.

Consumer Advocate objected to two provisions in the proposed tariffs. Consumer Advocate objected to the failure of IPL to include a requirement that a door hanger be left at the premises when the service remains turned on and no

customer is responsible for service. The door hanger would notify persons entering the premise that the natural gas service is still turned on.

Consumer Advocate also objected to IPL charging a subsequent customer with the natural gas usage during the soft close period when the subsequent customer was not occupying the premise. Consumer Advocate suggested that the subsequent customer is not responsible for gas consumption under the soft close practice.

In response to Consumer Advocate's objections, IPL stated that it would place a door hanger at the premise when the meter is physically read. If the meter is read using automated technology, IPL stated that it would not leave a door hanger at the premise.

IPL stated that it conducted an analysis of the Consumer Advocate's suggestion that subsequent customers not be held responsible for gas consumption at the premise during the soft close period. It appears that under current practices, IPL does not obtain a beginning meter reading when a subsequent customer becomes responsible for service. IPL stated that its analysis shows that the cost of the additional meter reading required when a subsequent customer becomes responsible for service on or before the regularly scheduled meter reading would be approximately \$137,400, compared to a cost of only \$15,800 for subsequent customers to pay for the gas service during the soft close period. The difference in cost would be borne by all customers.

IPL stated that its Customer Information System (CIS) is not able to accept a special reading such as the one that would occur when a subsequent customer begins service at a soft close premise. The CIS would, therefore, require manual intervention to enter the reading and adjust the gas consumed. This process would involve additional personnel and could result in human error. IPL estimated that it would take eight months to make the changes necessary to the CIS to accommodate a beginning reading during soft close and IPL indicated that it did not include the cost of these changes in its estimated cost.

IPL stated that it is changing its procedures so that when the meter is left in a soft close condition, the premise will also be posted for unauthorized use and an order will be issued to obtain a reading and to disconnect the service after 15 days. IPL stated that it is continuing its current practice of taking a meter reading and making adjustments if the subsequent customer disputes the use during the soft close condition before the normal routine reading is taken. IPL is also maintaining its current practice that a subsequent customer that applies for service after the meter reading is taken will not be charged for any use prior to the reading.

Consumer Advocate, in its reply, states that IPL misunderstood its objection to charging a customer for usage for which the customer is not responsible. Consumer Advocate suggests that IPL should charge the usage between routine meter readings to lost and unaccounted for gas and not make modifications to its CIS for special meter readings.

The Board finds that IPL's revision to the proposed tariff provisions concerning door hangers is not acceptable. The door hangers are necessary to inform persons entering a vacant premise that there is natural gas turned on inside. The door hangers should be left in all instances where the practice of soft close is used regardless of whether the meter is read manually or using automated technology. The other natural gas utilities that use the soft close procedure follow this practice. The Board finds that the door hangers are necessary for the safety of persons entering the premise and will direct IPL to file revised tariff provisions that indicate that a door hanger will be left at a premise where the soft close practice is followed.

The Board's current rules, 199 IAC 19.3(7), require that a meter be read when service is commenced and when it is discontinued. IPL's proposed tariff does not comply with this requirement. Based upon the description of IPL's current procedures, it appears that IPL's current procedures do not comply with this requirement, either. IPL will be directed to file a revision to the proposed tariff that indicates a beginning meter reading will be made in all instances. If IPL's CIS is not capable of entering a beginning reading at a soft close premise, IPL will need to file for a waiver of the requirement or in the alternative, IPL will not be allowed to charge the customer for gas consumption prior to the first regular meter reading.

The Board finds that the suggested revision to change the period where the soft close practice is followed from 45 days to 15 days is reasonable. This revision should be included in the tariff revisions filed in response to this order. The Board

also finds that the last sentence of proposed paragraph 4.17A(1)"d" is not clear. The language refers to a trigger of "twenty-five (25) therms or more," but the provision is unclear what occurs when the trigger is reached or what occurs if it is not reached.

The Board finds that the proposed tariff filed by IPL on October 14, 2003, to comply with the August 1, 2003, order in Docket No. INU-03-2 should be rejected. As the discussion above indicates, IPL will be required to file a revised proposed tariff that is consistent with this order.

IT IS THEREFORE ORDERED:

1. The proposed compliance tariff filed by Interstate Power and Light Company on October 14, 2003, is rejected.
2. Interstate Power and Light Company shall file revised proposed tariffs consistent with this order on or before January 19, 2004.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 7th day of January, 2004.